

## The Blended Retirement System

# Defined Contribution (TSP)



The National Defense Authorization Act for Fiscal Year 2016 created a new military retirement system that blends the traditional legacy retirement pension (defined benefit) with a defined contribution to service members' Thrift Savings Plan, or TSP, accounts. A defined contribution plan is a 401(k) type of retirement plan in which the employer, employee or both make contributions on a regular basis. Individual accounts are established and benefits are based on the amount credited to the account (through employer contributions and, if applicable, employee contributions) plus any investment earnings on the money in the account.

TSP advantages include automatic payroll deductions, diverse pre-tax and after-tax investment options, contributions from your service, beneficiary participant accounts and a variety of withdrawal options.

The Blended Retirement System (BRS) went into effect on Jan. 1, 2018. The TSP defined contribution plan is the same plan thousands of Department of Defense, or DoD, and federal government civilians take advantage of for their retirement savings. By contributing to their TSP account, federal employees receive the same retirement savings tax-related benefit that workers in the private sector receive with 401(k) type plans.

**Automatic (1%) Contributions.** The DoD automatically contributes 1% of your basic pay to your TSP after 60 days of service. This does not come out of your pay. It's called a service Automatic (1%) Contribution, and it begins automatically.

**Matching Contributions.** Your service will match up to an additional 4% of your basic pay to your TSP account after 2 years of service. You can choose to contribute a higher percentage of your base pay to your TSP account, but your service's maximum match is equal to 5% of your base pay.

**Re-enrollment.** After joining the Uniformed Services between Jan. 1, 2018 and before Sept. 30, 2020, you are automatically enrolled into the TSP's Lifecycle (L) Fund at 3% of your basic pay. After Oct. 1, 2020, you will be automatically enrolled into TSP Lifecycle (L) Fund at 5%. While you can opt out of this enrollment, you will be automatically re-enrolled each calendar year.

**Portable.** Your TSP account is a portable retirement benefit. This means that when you make a full or partial withdrawal of your account after you leave service, you can have the TSP transfer part or all of your account into an IRA or an eligible employer plan (for example, the 401K plan of a new employer).

## How Contributions Match Up:

### Service Contributions to Your Account

You put in:	Your Service puts in: Automatic (1%) Contribution	Your Service puts in: Matching Contribution	And the total contribution is:
0%	1%	0%	1%
1%	1%	1%	3%
2%	1%	2%	5%
3%	1%	3%	7%
4%	1%	3.5%	8.5%
5%	1%	4%	10%
More than 5%	1%	4%	Your contribution +5%






**Vesting.** Being vested means participants in an employee-sponsored retirement plan are eligible to keep all money from their accounts when they leave their jobs.

Type of Contribution	When Started	When Vested
Your contribution		When made
1% auto match	When enrolled 60 days	After 2 years of service
1-4% match	After 2 years of service	When made

## Resources

- **Learn** more about the BRS at <http://militarypay.defense.gov/BlendedRetirement>.
- **Explore** FINRED's financial information and resources at <https://finred.usalearning.gov>.
- **Locate** an accredited Personal Financial Manager or Counselor at your installation's Family Center, or search at <http://www.militaryinstallations.dod.mil> or <https://finred.usalearning.gov/pfcMap>.
- **Discover** all the benefits of the TSP at <https://www.tsp.gov>.



Join the conversation with the Office of Financial Readiness online at <https://finred.usalearning.gov> and social media @DoDFINRED:     

Download the Sen\$e app through your phone's app store. [Download on the App Store](#) or [Get it on Google Play](#).